

THE UNIVERSITY OF TENNESSEE
MUNICIPAL TECHNICAL ADVISORY SERVICE

V-F

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MEMORANDUM

February 9, 1998

To: Joe Kirchner, Wastewater Manager
City of Murfreesboro

Via Fax ~~800~~-896-4259

From: Sharon L. Rollins, MTAS *Sharon*

Re: Refunds (reimbursement of tap fees) for developers for sewer line extensions

Here are some policies for handling reimbursement to developers for sewer line extensions. I am enclosing portions of the city codes on this topic from Clarksville (2 pages), Pigeon Forge (1 page), Spring Hill (1 page) and Jefferson City (5 pages).

I hope these are helpful. Please let me know if you need further information on this.

attachment - 9 pages

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FEB 20 1998

ated by the City of Clarksville, shall be guilty of a misdemeanor, and in addition to pecuniary penalties provided in the general penalty clause for this code.

(1963 Code, § 28-71; Ord. No. 34-1985-86, 12-5-85; Ord. No. 16-1993-94, 10-7-93)

Sec. 13-402. Connection with the city system and execution of agreements.

Upon the execution of agreements and delivery of the conveyance provided herein, the city shall:

- (1) *Connectors.* Permit the distribution/collector system and/or trunk lines to be connected with the city's water and/or sewer system and be serviced by the distribution/collector system and/or trunk lines after the installation of city-owned water meter for each service.
- (2) *Charges.* Charge for water and/or sewer service at the rate being charged other customers in similar locations.
- (3) *Reimbursement agreement.* Execute a written agreement with the developer of the water and/or sewer system to issue credits to the developer for his construction costs of off-site improvements as provided in section 13-403 hereof. The agreement will be signed by the mayor on behalf of the city and by the developer, his representative, or assigns.
- (4) *Basis for reimbursement.* The basis for the tap credits of a developer for his construction of a water or sewer system shall provide as follows:
 - (a) The basis to be used for computing the developer's cost of offsite improvements shall be the actual cost of labor and materials disbursed by the developer in making the installation. No cost of distribution lines in the streets of subdivisions or service lines to customers are to be included in computing the developer's cost of offsite improvements. Lines that are extended across undeveloped property belonging to the developer in order to reach a site proposed for development by the same

developer shall not be eligible for reimbursement. A lift station shall not be installed when the city engineer determines that the property can be feasibly sewered by gravity.

- (b) The cost basis shall be comparable and in line with the usual average costs for similar installations.
- (c) The mayor, or any committee of the city council or any councilman, may require detailed proof of the cost basis submitted by the owner.

(1963 Code, § 28-72; Ord. No. 52-1988-89, 5-4-89; Ord. No. 8-1989-90, 9-7-89)

Sec. 13-403. Method of reimbursement.

(1) *Distribution system.* No credits will be made for the distribution system. For the purpose of this chapter, a "distribution system" is defined as a water or sewer main or a network of such mains together with the appurtenances thereto, which is installed in a subdivision or area for the purpose of providing water and/or sewer service directly to customer outlet in the subdivision or area and which is not designed primarily to be extended and connected with other distribution systems to service other subdivisions or areas.

(2) *Trunk lines.* For the purpose of this chapter a "trunk line" is defined as water or sewer main, together with the appurtenances thereof, which is installed in an arterial highway or in an existing street or thoroughfare lying outside a subdivision and which is subject to further extension for the purpose of serving other areas or subdivisions in the future. In the case of sewer mains and sewer lift stations, the trunk system may be installed along natural drainage ways when such installation lends itself more readily to extension and service of additional areas outside the particular development for which it originally serves. The cost of construction of trunk lines by the developer shall be determined in the manner as provided by section 13-402(4) hereof.

(3) *Credits.* A credit will be given toward the payment of the water and/or sewer connection fee which would otherwise be charged for each lot in the development provided that such credit will not exceed the purchaser's actual offsite construc-

tion expense as approved by the city for water and sewer lines constructed within that portion of public road right-of-ways or utility easements that are not within the site. The credits may be used for any water or sewer connection fee in the Clarksville system. The credits shall become void if not used within five (5) years of the date of issue.

(4) *Larger lines.* In regard to trunk lines, should the city direct that a water line larger than six (6) inches or sewer line larger than eight (8) inches be installed in a trunk line or distribution system, the city will pay the owner the difference in costs between a six-inch water line or an eight-inch sewer line on a one hundred (100) percent basis, which shall be noted in the contract between the city and the owner. Payment for this difference shall be separate and apart from the other reimbursement provisions of this contract in regard to trunk lines. The payment of this difference shall be made by the city to the owner within twelve (12) months after installation is completed and is not to bear interest. The provisions of this subsection shall not apply in any case where the area or subdivision in question is of such size as to require for its own service alone, water lines larger than six (6) inches and/or sewer lines larger than eight (8) inches.

(1963 Code, § 28-73; Ord. No. 63-1985-86, 4-3-86; Ord. No. 52-1988-89, 5-4-89; Ord. No. 8-1989-90, 9-7-89)

Sec. 13-404. Reserved.

Editor's note—Ord. No. 52-1988-89, adopted May 4, 1989, repealed § 13-404 which pertained to existing system inside the city limits and derived from 1963 Code, § 28-74.

Sec. 13-405. Areas serviced outside the city.

The city shall be under no obligation to enter into any contract for any water or sewer system outside the city limits; however, in areas outside the city limits where the city now has the utility service rights, the public utilities committee may approve the extension of water or sewer service when sufficient capacity exists, or can be feasibly made to exist, and when the extension will benefit the city by increased revenues or the avoidance of future system costs required by annexation. All standards for plans submission, construction, and

reimbursement shall be the same as for developments within the city; however, all water and sewer usage rates shall be at the outside-of-city rates.

(1963 Code, § 28-75; Ord. No. 71-1995-96, 5-2-96)

Sec. 13-406. City reserves right of eminent domain.

The city reserves all of its rights of eminent domain and condemnation.

(1963 Code, § 28-76)

Charter reference—City's authority to exercise eminent domain, Art. I, § 5(a)(12).

Cross reference—Eminent domain, § 12-121.

	charge based on meter size plus \$25 per student	charge based on meter size plus \$25 per student
10. Fire Protection Lines	\$600 per inch diameter of connection	No charge
11. Mobile Home Parks	\$500 first unit \$250 each additional unit	\$500 first unit \$250 each additional unit
12. Car Wash	\$2,500 per bay	\$3,000 per bay
13. Camp Grounds	\$100 per site	\$100 per site

Pigeon Forge

ALL LOCATIONS OUTSIDE THE CORPORATE LIMITS SHALL BE TWICE THOSE ESTABLISHED WITHIN THE CORPORATE LIMITS.

14. The City will give credit against the developer's connection fees in the amount of all offsite main and line extensions or oversize internal mains and lines (i.e. larger than would be necessary to serve the proposed development being built, but necessary for drainage basin development) up to the actual certified cost of the offsite or oversize mains or line(s). In cases where the offsite or oversize water main or sewer line cost are greater than the connection fees, the developer may recover any connection fees derived from direct connections to this main or line or any extensions along the offsite main or line up to the actual cost of the offsite or oversize main or line for a period of five (5) years from the date of final acceptance after which he will not receive any additional return for the offsite or oversize main or

line. In cases where a second offsite or oversize main or line is extended from the first offsite or oversize main or line or an extension of the first offsite or oversize main or line develops into a second offsite or oversize main or line, the connection fees due from the second extension will be applied to the first extension until fully reimbursed for a period of time to five (5) years from the date of final acceptance of the first line. The connection fees of the third extension will then be applied to the second extension and etc.

THIS ORDINANCE WILL TAKE EFFECT FIFTEEN (15) DAYS FROM AND AFTER FIRST PASSAGE OR UPON FINAL PASSAGE, WHICHEVER IS LATER, THE PUBLIC WELFARE REQUIRING IT.

Passed 1st reading 9-23-85
 Passed 2nd reading 10-7-85
 Passed 3rd reading 10-14-85

ATTEST:

Charlton Williams
 CITY RECORDER

Post-It* Fax Note	7671	Date	2-9-98	# of pages	1
To	Sharon Rollins	From	Charlie Brown		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #		Fax #	931-486-0516		

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(2) Following d have exclusive control of their maintenance, repair to the system shall guara workmanship for a period of twelve (12) months from the date of completion and acceptance of the project, including such incidental damages as may arise from such claims. (1987 Code, § 13-241)

18-143. Credits for installing oversized lines. (1) A developer who extends a water or sewer line and is required by the town to install an oversized line shall be entitled to receive a credit against the payment of availability fees in accordance with the provisions of this section.

(a) For purposes of this section, an "oversized line" means any line or other element or facility of the town's water or sewer system that:

(i) is larger than the minimum size line or facility that the town normally allows to be constructed and

(ii) is larger than that necessary to serve the needs of the developer constructing the line or facility.

(b) The availability fees against which a credit may be taken are those fees that are required to be paid for the development of the property to which or in which the lines are extended. An extension of an oversized water line entitles the developer to credits only against water availability fees, and an extension of an oversized sewer line entitles the developer to credits only against sewer availability fees.

(2) The maximum amount of credit to which a developer shall be entitled for the extension of oversized lines shall be an amount determined by the town that reasonably approximates the difference between the actual cost of extending the oversized line and the cost that the developer would have incurred had he been allowed to extend a line that was not oversized. In making this determination, the town may, among other alternatives, establish a schedule of customary and reasonable costs for extending lines of different sizes and calculate the maximum creditable amount by multiplying the length of the line extended times the per foot cost differential for the oversized line.

(3) Credits may be taken under this section at the time availability fees are paid. In applying credits, a determination shall first be made of the amount of availability fees that would be required in the absence of any credits, and then the developer may use credits for up to fifty percent of payment otherwise required (subject to the maximum creditable amount determined under subsection (2)). (1987 Code, § 13 242)

18-144. Relationship of water system capacity to approvals under zoning, subdivision, and building regulations. (1) With respect to water supply from the town's system, neither connection permits nor

Utility Extension Policy
Jefferson City, Tennessee
April 1980

Utility Extension Policy. The following is a policy to provide a method to finance and establish a procedure to extend utility services. The utility extension may serve one or more individual customers and/or the extension may be made to serve a new development. The intent of this policy is to make it possible for the developer or individuals to be refunded for the cost of the utility extension. No refunds will be paid within the development or the project area. There is a provision for the city to pay for additional main sizes where required.

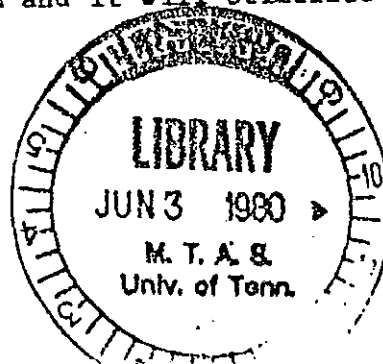
Definitions:

Utility Extension: That part of the new system required to connect the existing system to a new development or a project area. All utility extension shall be accepted by the town as provided by these regulations.

Developer: Any person, firm or corporation engaged in the subdividing of land.

Individual Property Owners: Property with improvements that are not presently served by a public utility.

Number of Customers Served: The actual number of customers served plus an additional 15 percent of that total. This shall include all of the lots within a new subdivision that were served because of the utility extension. (The justification for the 15 percent is because any utility extension adds to the value of the system and it will stimulate additional growth).



Construction Costs: This shall include the actual cost of construction including engineering, legal, administrative and all other cost directly related to the utility extension project.

Project Area: An area that is developed or partially developed which may or may not be a part of a platted subdivision and is not served by public utilities.

Extensions by Individuals. A utility may be extended by one or more individual property owners. Upon request a project area may be established by the town. The boundaries will be defined by the town. This area will be used to establish the parties responsible for and to share in the cost of the utility serving the project area. They will be collectively responsible for all of the cost within the project area. All customers served will share in the utility extension construction cost by the same rules and regulations as they apply to a developer.

Developer's Responsibility. The developer shall be responsible for and pay the cost of all improvements within the development. The full amount of the estimated project cost shall be furnished in advance by the developer as provided by this policy. The developer will be refunded for that part of the utility extension outside of the development and for additional main sizes as provided herein. Until the lots are sold within the development the developer must pay the monthly utility extension construction cost.

Customer's Construction Costs. All new customers will share equally in the cost of the utility extension. This shall include customers in a new development or customers that may be served by the utility extension.

At the time the project is accepted by the town, the actual construction cost shall be determined for the utility extension. This amount will be amortized over a period of 15 years including the current rate of interest. The average annual payment for interest and principal will be calculated. This amount will be divided by the number of customers served. This amount will be divided into 12 equal payments which will be added each month to each customer's regular utility bill.

Application for refund. All projects in which a refund is due to the developer shall be completed by contract agreement between the town and an independent contractor. The developer shall present to the town contract documents and a detailed estimate of construction costs prepared by a consulting engineer. These documents shall be presented to the town 15 days in advance of the next Board meeting. The town shall review and notify the developer prior to the meeting if the documents are acceptable. The town shall submit to the developer in writing either their approval or their reasons for disapproval.

All plans, specifications and contract documents shall be submitted to the planning commission and must comply with all of their rules and regulations as they apply to plat and plan approval.

Cash Deposit. The developer shall deposit with the town the amount as determined by the engineer's estimated main extension construction cost. The deposit shall be for the full amount of the project cost except when additional main sizes are needed to serve the entire system. The deposit shall be made prior to the Board meeting.

After acceptance by the Board, they shall proceed to obtain bids for the project. Sealed bids will be received by the Board following their

standard practices. The developer has the option to reject all bids.

The deposit shall be adjusted to the contract amount after a contract is signed. If at any time during the construction phase it is estimated by the town that the project cost will exceed the amount on deposit, the developer shall deposit the additional amount of the estimated overrun. Upon failure by the developer to deposit the required amount, the town shall order the contractor to stop work. The developer shall pay all of the costs resulting from the delay.

The balance of any money remaining on deposit after final payment shall be returned to the developer within 10 days after acceptance by the town.

Developer's refund. The refund will apply to that part of the extension from the existing main to the nearest property line of the development. The nearest property line shall be determined by drawing a line perpendicular to the main that will intersect the property line or the point of entry, whichever is the shortest distance.

The developer shall extend the main to the furthest property line. If the property is being developed in stages, the main shall be extended to the furthest lot line of that part of the development.

The refund formula generally will apply to 8-inch sewers and larger, and 6-inch water mains and larger.

Main sizes. All water distribution mains shall be not less than 6-inches in diameter and sewer collection mains not less than 8-inches in diameter. Certain water mains that may never be extended may be reduced in size to meet customer demands.

If larger mains are required to serve a new development then the developer must pay for whatever mains are required. Customers along such main extension will pay the equivalent cost of a 6-inch water main or an 8-inch sewer main. The cost will be determined by mutual agreement if the project does not have any pipe of the same size from which a unit cost can be established.

The city has the option of constructing a larger main that may be needed to serve the developer. The city will pay the additional cost. The developer will not be required to deposit the extra funds needed because of the larger main. The cost difference will be determined by mutual agreement.

Final payment. The total project cost shall be determined by the engineer and a detailed account of all cost items shall be delivered to the town. The contractor shall be paid in accordance with the contract.

Acceptance by the town. The engineer shall submit in writing that the project has been completed and that it meets all of the requirements of the town. The date of acceptance shall be established by a motion adopted by the Board of Commissioners. This date shall be used as it may apply for refunds or for maintenance guarantees.

Easements. All utility extensions shall be constructed within a public right-of-way or in an easement which has been dedicated to the town. Easements shall be a minimum of 10 feet wide. The town may require additional easement widths where unusual maintenance problems exist. Easements within a subdivision shall be shown and identified on the dedication plat. All other easements shall be shown on the contract drawings. A legal description shall be furnished and recorded by the developer prior to acceptance by the town.